

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 051887

ORIGIN EB-08

INFO OCT-01 EA-07 ISO-00 L-03 CIAE-00 COME-00 DODE-00
DOTE-00 FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06
OES-06 SS-15 NSC-05 /060 R

DRAFTED BY EB/TCA/MA:CTAYLOR,JR.:BST

APPROVED BY EB/TCA/MA:RKBANK

EA/ROC:HENGELBRECHT

L/EB:JCROOK

MARAD:FRAITER

FMC:TCHRISTENSEN

-----090703Z 080434 /10

R 090055Z MAR 77

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

LIMITED OFFICIAL USE STATE 051887

E.O. 11652: N/A

TAGS:EWWT, TW

SUBJECT:ALLEGED ROC DISCRIMINATION AGAINST U.S. VESSELS

1. AMERICAN INSTITUTE OF MERCHANT SHIPPING (AIMS),
AN ASSOCIATION OF AMERICAN-FLAG SHIPPING LINES, HAS
APPROACHED DEPARTMENT REGARDING ALLEGED DISCRIMINATORY
SHIPPING PRACTICES AFFECTING COTTON IMPORTS ENFORCED BY
AGENCIES OF GROC.
2. AS REPORTED TO DEPARTMENT BY AIMS, MANUFACTURER WISHING
TO IMPORT COTTON MUST APPLY THROUGH CENTRAL TRUST (CTC) TO
ROC BOARD OF FOREIGN TRADE FOR IMPORT LICENSE. AMONG
STANDARD CONDITIONS OF IMPORT LICENSE ISSUED BY BOARD OF
FOREIGN TRADE ARE REQUIREMENTS THAT COTTON BE PURCHASED ON
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 051887

F.A.S. (FREE ALONG SIDE) TERMS, THUS GIVING IMPORTER
CONTROL OVER SHIPPING, AND THAT SHIPMENT BE MADE THROUGH
OVERSEAS JOINT SHIPPING OFFICE (OJSO). (AIMS REPORTS THAT
OJSO IS AN OFFICE ESTABLISHED BY GROC TO COORDINATE ROC-
FLAG SHIPPING.) OJSO IN TURN REQUIRES THAT COTTON BE
SHIPPED ON ROC-FLAG VESSELS. AIMS REPORTS THAT COTTON
SHIPMENTS ARRIVING FROM U.S. EAST COAST ON OTHER THAN ROC-

FLAG VESSELS RISK SEIZURE BY ROC CUSTOMS AND THAT ROC CUSTOMS REQUIRE SHIPMENTS FROM U.S. WEST COAST TO HAVE OJSO STAMP ON BILL OF LADING.

3. EMBASSY REQUESTED TO CONFIRM PROCEDURES OUTLINED IN PARA 2 ABOVE AND INFORM DEPARTMENT IF AIMS DESCRIPTION IS ACCURATE. IN PARTICULAR, DEPARTMENT WOULD APPRECIATE EMBASSY CONFIRMATION OF CONDITIONS IMPOSED BY BOARD OF TRADE IN ISSUING IMPORT LICENSE AND OF CUSTOMS ROLE IN ENSURING SHIPMENT ON ROC VESSELS. IT WOULD BE USEFUL IF EMBASSY COULD PROVIDE MORE INFORMATION ON STATUS OF OJSO (I.E., IS IT GOVERNMENTAL OR QUASI-GOVERNMENTAL BODY?). DEPARTMENT WOULD ALSO LIKE TO KNOW WHETHER PROCEDURES OUTLINED IN PARA 2 ARE UNIQUE TO COTTON IMPORTS OR ARE APPLIED TO OTHER CATEGORIES OF IMPORTS AS WELL.

4. IF AIMS DESCRIPTION OF ROC PROCEDURES IS SERIOUSLY

INACCURATE, EMBASSY SHOULD INFORM DEPARTMENT AND NOT RAISE MATTER WITH GROC WITHOUT FURTHER INSTRUCTIONS FROM DEPARTMENT. IF AIMS DESCRIPTION IS BASICALLY CORRECT, EMBASSY IS REQUESTED TO RAISE MATTER WITH ROC OFFICIALS AND EXPRESS CONCERN OVER DISCRIMINATORY NATURE OF PROCEDURES DECREED AND IMPLEMENTED BY GROC AGENCIES (E.G., BOARD OF TRADE AND CUSTOMS). EMBASSY SHOULD POINT OUT THAT GROC PROCEDURES COULD, UNDER U.S. LAW, TRIGGER COUNTERVAILING ACTION AGAINST ROC VESSELS IN U.S. TRADES.

5. FYI. PRACTICES SUCH AS AIMS REPORTS COULD BE CONSIDERED DISCRIMINATORY UNDER THREE U.S. LAWS: MERCHANT MARINE ACT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 051887

OF 1920, TRADE ACT OF 1974, AND PUBLIC RESOLUTION 17.

A) SECTION 19 OF MERCHANT MARINE ACT ENABLES U.S. OR THIRD-FLAG CARRIERS OPERATING IN U.S. TRADES TO REQUEST U.S. FEDERAL MARITIME COMMISSION (FMC) TO IMPOSE COUNTERVAILING MEASURES ON VESSELS OF NATIONS WHICH DISCRIMINATE AGAINST U.S.-FLAG SHIPPING. (FMC MAY INITIATE SECTION 19 ACTION EVEN IN ABSENCE OF OPERATOR COMPLAINTS IF IT BELIEVES SITUATION WARRANTS SUCH ACTION.)

B) SECTION 301 OF 1974 TRADE ACT PROVIDES THAT QUOTE WHENEVER THE PRESIDENT DETERMINES THAT A FOREIGN COUNTRY OR INSTRUMENTALITY ... ENGAGES IN DISCRIMINATORY OR OTHER ACTS OR POLICIES WHICH BURDEN OR RESTRICT U.S. COMMERCE (DEFINED TO INCLUDE SERVICES), ... HE SHALL TAKE ALL APPROPRIATE AND FEASIBLE STEPS WITHIN HIS POWER TO OBTAIN THE ELIMINATION OF SUCH RESTRICTIONS....UNQUOTE. THESE STEPS MAY INCLUDE IMPOSITION OF DUTIES OR OTHER IMPORT RESTRICTIONS ON PRODUCTS OF SUCH FOREIGN COUNTRY OR

INSTRUMENTALITY.

C) PUBLIC RESOLUTION 17 REQUIRES THAT ALL EXPORT/IMPORT
BANK CARGOES MUST BE CARRIED IN U.S.-FLAG VESSELS, EXCEPT
THAT U.S. MARITIME ADMINISTRATION (MARAD) MAY GRANT
GENERAL WAIVERS ALLOWING RECIPIENT COUNTRY'S VESSELS
TO CARRY UP TO FIFTY PERCENT WHEN MARAD IS SATISFIED THAT
RECIPIENT GOVERNMENT PROVIDES QUOTE FAIR AND EQUITABLE
TREATMENT UNQUOTE FOR U.S.-FLAG SHIPPING. ROC SHIPPING
LINES HAVE BENEFITTED SUBSTANTIALLY FROM EXIM WAIVERS
AND WOULD LOSE SIGNIFICANT AMOUNT OF CARGO IF MARAD
REFUSED TO GRANT ADDITIONAL WAIVERS OR WITHDREW EXISTING
WAIVERS. END FYI.

6. EMBASSY MAY DRAW ON ABOVE FYI MATERIAL AS APPROPRIATE
IN DISCUSSIONS WITH ROC OFFICIALS.

VANCE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 051887

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, COTTON, ALLEGATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE051887
Document Source: CORE
Document Unique ID: 00
Drafter: CTAYLOR,JR.:BST
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770080-0727
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770377/aaaacpwq.tel
Line Count: 139
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c6cfd1ba-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3160695
Secure: OPEN
Status: NATIVE
Subject: ALLEGED ROC DISCRIMINATION AGAINST U.S. VESSELS
TAGS: EWWT, TW, US
To: TAIPEI
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/c6cfd1ba-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009